

RESOLUTION NO. _____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
CITY OF AMERICAN CANYON**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the City of American Canyon; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the City of American Canyon’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on August 14, 2003, October 9 2003, and December 11, 2003; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 11th day of December, 2003, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A

COMPREHENSIVE WATER SERVICE STUDY

SERVICE REVIEW

CITY OF AMERICAN CANYON

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - Through its contractual agreements, the City of American Canyon imports an adequate supply of water to meet existing and future system demands under normal conditions within the timeframe of this study.
 - The City of American Canyon should continue to pursue opportunities to increase its available water supply and continue to expand its water conservation efforts. These actions will help to ensure an adequate water supply during periods of below normal and dry year conditions.
 - The City of American Canyon's water supply is dependent on contracted entitlements with the Napa County Flood Control and Water Conservation District and the City of Vallejo. These contractual entitlements are essential to American Canyon's ability to deliver potable water to its customers.
 - To account for the realities of water entitlements, the City of American Canyon should continue to objectively differentiate between entitlements and actual deliveries in their water supply analysis. This is especially important to ensure an adequate supply of water during extended drought periods when deliveries are restricted.
 - In 2003, the Department of Water Resources issued the *State Water Project Delivery Reliability Report*. The report provides an assessment of SWP deliveries using historical precipitation rates along with projected land and water use demands through 2021, including delivery estimates during drought periods. This report is a valuable tool for all SWP contractors and should be incorporated into American Canyon's water supply planning efforts.
 - The City of American Canyon has made reasonable efforts to secure additional water supplies to meet existing and projected potable water demands within its service area. This demonstrates a continued effort by American Canyon to address system needs and deficiencies in a timely manner.
 - The City of American Canyon has made reasonable efforts to maintain adequate reserves for drought protection.

- The City of American Canyon requires improvements to its water treatment plant to independently meet maximum day water demands.
 - The City of American Canyon requires improvements to its treated water storage facilities to independently meet future maximum day water demands and ensure adequate reserves during an emergency or interruption in service.
 - The City of American Canyon is scheduled to begin providing reclaimed water service to existing potable water customers by the end of 2003. The use of reclaimed water within American Canyon's service area is an important component in its water conservation efforts and should alleviate future potable water demands, especially among agricultural and irrigation customers.
 - Reclamation is a beneficial and efficient use of existing water resources and will provide credence to the City of American Canyon's water conservation efforts.
 - Evaluation of the City of American Canyon's reclamation program and its actual impact on potable water demands should be included in future studies.
2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
- The City of American Canyon evaluates its water service capacities using reasonable demand projections detailed in its *Water System Master Plan (2003)*.
 - The calculation formula codified in Title 22 of the California Code of Regulations §64412(a)(2) is an appropriate method in estimating the total population served by the City of American Canyon's water service system. The population served by American Canyon's water system based on this calculation method is 12,283.
3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
- The City of American Canyon is scheduled to begin providing reclaimed water service to existing potable water customers by the end of 2003. Reclamation will offer agricultural, industrial, and irrigation customers a suitable water source at an alternative rate, while reducing the draw upon the overall supply of potable water.
 - The City of American Canyon's contracted water supply is subject to rate changes imposed by the supplier (exporter), resulting in potential increases in costs to the City. Similarly, American Canyon's ability to supplement its contracted water supply in dry years through water supply programs facilitated by the Department of Water Resources and/or open market purchases are also liable to increase costs. Typically, these increases in operation costs are passed on directly to the customer through rate increases. The extent of these costs and impact on the rates paid by

customers, however, remain difficult to measure due to the uncertainty involving water markets.

4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
 - Through outside agreements, the City of American Canyon has successfully mitigated costs associated with its water service operations.
 - The City of American Canyon is a member of Napa County Flood Control and Water Conservation District's technical advisory committee, known as "Watrtac." This group provides NCFCWCD with a consensus among the five cities and County as it relates to current and future water issues affecting Napa County. This advisory group provides American Canyon the opportunity to share costs with other participating agencies on projects of mutual interest and facilitates the exchange of service information.
 - The City of American Canyon is a funding participant in Napa County Flood Control and Water Conservation District's "2050 Study." The study's objective is to identify current and projected water demands within each participating agency's service area as well as document agricultural demands in unincorporated areas served by groundwater. This study will also examine the feasibility of pursuing cooperative water supply projects aimed at meeting countywide demands through 2050. American Canyon will benefit from the study and should continually explore collaborative opportunities aimed at identifying new and improved water supplies.
5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
 - The City of American Canyon could minimize future rate increases by lessening the demand for potable water within its service area by investing in infrastructure improvements that reduce its dependency on potable water withdraws from the City of Vallejo.
 - The City of American Canyon's water rates were last increased in 2000 and are competitive with the rates offered by the other four cities in Napa County.

6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:
 - As a subcontractor to Napa County Flood Control and Water Conservation District, the City of American Canyon is responsible for assuming its proportional costs for the delivery of water drawn from the State Water Project. Subcontractors are also responsible for paying a transportation charge that covers the cost associated with the infrastructure and facilities needed to capture and convey water to Napa County. These shared facilities include the North Bay Aqueduct and the Napa Turnout Reservoir. Costs relating to future upgrades and improvements to this conveyance system will be shared among each subcontractor as well as the Solano County Water Agency and its subcontractors.
7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:
 - The City of American Canyon is the only public agency currently providing water service within its jurisdictional boundary. There are two other public agencies empowered to provide water service whose jurisdictions overlap that of American Canyon: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.
 - The City of American Canyon, the County of Napa, and LAFCO should establish a policy that reconciles the provisions of Government Code §56133, which restricts the extension of water service outside an agency's adopted boundaries, with both the water service area inherited by the City at the time of incorporation and the City's responsibility to delivery State Water Project water in the south county pursuant to its contract with the Napa County Flood Control & Water Conservation District.
8. With respect to evaluation of management efficiencies [Government Code §56430(a) (8)], the Commission determines that:
 - Each year, the City of American Canyon provides a summary of past and projected revenues and expenditures stemming from its water service operations as part of its annual budget. The budget is adopted following a noticed finance committee session in which members of the public are allowed to comment and offer suggestions with respect to expenditures relating to water service. In addition to enhancing the accountability of elected and appointed officials, the budget process provides a clear directive towards staff with respect to prioritizing city resources.

- In 2003, the City of American Canyon prepared an update to its water system master plan. The plan recommended approximately 18 million dollars in short and long-term capital improvement projects aimed at maintaining and improving American Canyon's water system through buildout; adoption of the plan is scheduled for consideration by the City Council in August. This demonstrates a reasonable effort on behalf of American Canyon's management staff to address and update water quality and services objectives in a timely and efficient manner.
- Over the past two years, the City of American Canyon has had two public works directors. The most recent director left American Canyon in July, necessitating the appointment of a third director within this time period. Rather than appoint a permanent director, American Canyon has entered into a one-year contract with Coastland Civil Engineering, Inc., a Santa Rosa based consulting firm to perform the duties of public works director. Turnover within this position creates continuity challenges among staff and impacts the ability of management to gain sustained expertise regarding local service conditions.
- The City of American Canyon has sufficient capital reserves to finance necessary upgrades and improvements to its water system.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The City of American Canyon's City Council meetings are conducted twice a month and are open to the public. Public inquiries involving water service operations can be addressed to the Council at this time. Regularly scheduled council meetings provide an opportunity for American Canyon's constituents to ask questions of their elected representatives, while helping to ensure that service information is being effectively communicated to the public.
- The City of American Canyon makes reasonable efforts to maintain public dialogue with its constituents regarding its water service operations. These efforts facilitate local accountability and contribute towards public involvement in local governance.
- The City of American Canyon provides water service to approximately 157 connections outside of its jurisdictional boundary. These connections are located throughout American Canyon's water service area which encompasses lands north to Soscol Creek, south and east to Solano County, and west to the Napa River. American Canyon has made reasonable efforts to include current and projected water demands for these outside lands as part of its water supply analysis.

Exhibit A

- The City of American Canyon's administration and water service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate desirable working relationships with members of the public as well as other agencies.